

Figure 1 continued

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COMBINE DATABASE "4" AND DATABASE "5" INTO NEW
DATABASE NAMED: "INDEX"

- FIGURE
1G

CREATE CONSTANT "NUMBER"; "NUMBER" = "USER
DEFINED" TOTAL NUMBER OF OPEN END MUTUAL FUNDS
TO BE INCLUDED WITHIN THE DATABASE "INDEX"

- FIGURE
1H

CREATE CONSTANT NAMED "CALCULATION" WHERE
"CALCULATION" = "USER DEFINED" CHOICE OF
<EQUALLY PRICE WEIGHTED>, <CAPITALIZATION
WEIGHTED>, <GEOMETRICALLY WEIGHTED>, OR
<CUSTOM WEIGHTED>

- FIGURE
1I

CREATE FORMULA: "OPTIMAL RISK/RETURN (T)"
WHERE "OPTIMAL RISK/RETURN (T)" = "TOTAL
RISK/RETURN (T)" - "TOTAL RISK/RETURN (T-1)"
IF "TOTAL RISK/RETURN (T)" < "TOTAL
RISK/RETURN T-1" THEN REPEAT UNTIL
"TOTAL RISK/RETURN" YIELDS A GROUP OF
FUNDS WHERE NUMBER = "NUMBER" AND NO OTHER
COMBINATION OF FUNDS YIELDS A LOWER
RISK/RETURN RATIO OVER TIME (T) AND NAME
"FINAL INDEX"

- FIGURE
1J

CREATE FORMULA "TOTAL RISK/RETURN" WHERE
"TOTAL RISK RETURN" = SUM (TOTAL RISK FOR
ALL FUNDS IN INDEX/TOTAL RETURN FOR ALL
FUNDS IN INDEX) FOR TIME PERIOD (T)

- FIGURE
1K

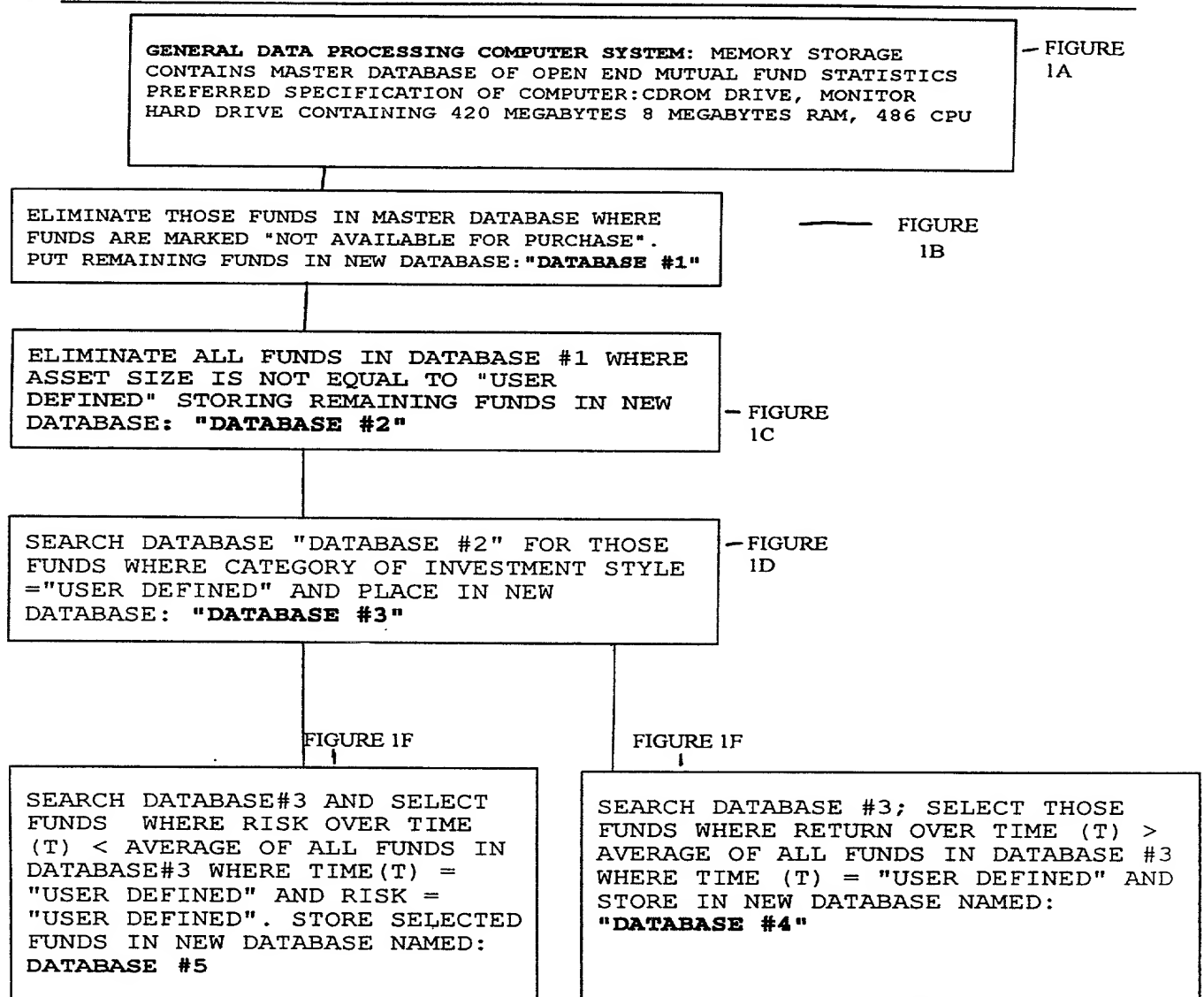
PRINT OUT A CHART OF "FINAL INDEX" FOR
TIME (T). RETURN TO FIGURE 1A TO REPEAT

- FIGURE
1L

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FIGURE 1

SCHEMATIC FLOWCHART OF :
OPEN END MUTUAL FUND INDEX COMPUTER PROGRAM



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FIGURE 2

PROCESS FOR INTRA-DAY TRADING OF SECURITIZED
OPEN END MUTUAL FUND,
INDEX AND LINKED DERIVATIVE SECURITIES

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